

USAID'S STRENGTHENING PUBLIC FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN (PFM-LAC)

Year One Work Plan

August 1, 2013 – July 31, 2014

Final Submission

Contract Number: AID-OAA-I-12-00036/AID-OAA-TO-13-00030

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP.

Strengthening Public Financial Management in Latin America and the Caribbean

Year One Work Plan

Final Submission

Program Name: USAID Strengthening Public Financial Management in Latin America

and the Caribbean (PFM-LAC)

Sponsoring USAID Office: USAID/LAC/RSD/BBEG

Contract Number: AID-OAA-I-12-00036/AID-OAA-TO-13-00030

Contractor: Deloitte Consulting LLP

Date of Publication: September 30, 2013

Disclaimer

The author's views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.

Table of Contents

List	of Acronyms and Abbreviations	iv
Intro	oduction	1
I. I	PFM-LAC Task Areas	2
Ov	rerview of Activities	2
7	sk Area #1 – Technical Analysis, Assessments, and Knowledge Management	3
Ta	sk Area #2 – Seminars, Workshops, and Trainings	4
Ta	sk Area #3 – Field-Based Capacity Building and Technical Assistance	5
Ta	sk Area #4 – Grants Under Contract	6
Co	re Management Functions	7
II.	Budget Summary of Activities	8
III.	Timeline Summary of Activities	9

List of Acronyms and Abbreviations

Acronym	Definition
CIAT	Inter-American Center of Tax Administrations
CTMS	Central Treasury Management System
COR	Contracting Officer's Representative
G2G	Government-to-Government
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
LOE	Level of Effort
LPFM	USAID Leadership in Public Financial Management Project (a previous E3 task order implemented by Deloitte Consulting LLP)
PFM	Public Financial Management
PFMRAF	USAID Public Financial Management Risk Assessment Framework
PMP	Performance Management Plan
STTA	Short Term Technical Assistance
WB	World Bank

Introduction

Sound public financial management (PFM) practices involve all levels of government and are at the heart of a healthy social contract whereby a government taxes its citizens and uses the resulting revenues to provide high quality public goods and services. Within the Latin America and Caribbean (LAC) region, the quality of expenditure management and revenue generation systems vary widely from country to country, within various levels of government, and by sector and ministries. The purpose of the Strengthening Public Financial Management in Latin America and the Caribbean (PFM-LAC) Project is to increase understanding of PFM challenges in the region and create tools and approaches that can help governments adopt improved PFM practices.

This first year work plan for the PFM-LAC Project represents the proposed activities and tasks derived from the statement of work under the contract, ideas envisioned in the Deloitte PFM-LAC proposal, feedback from interested USAID Missions and other relevant donors, and guidance received from USAID's Contracting Officer's Representative (COR) during post-award discussions.

The Project encompasses a broad range of PFM issues across multiple countries in the LAC region, and it is important to highlight that many of the activities envisioned in this work plan have been derived from a demand-based approach to technical assistance under the contract. During the first 60 days of the Project, the Deloitte Team has worked with the COR to determine a range of priorities and outline the technical direction of the PFM-LAC Project for its first year. Discussions were held with several USAID LAC Missions to explore opportunities across the core technical areas of revenue generation and budget and public expenditure within their respective countries to identify potential areas of intervention. The Project team has also discussed PFM-LAC with other relevant actors, such as the International Finance Corporation (IFC), the World Bank (WB), the Inter-American Development Bank (IDB), the Inter-American Center of Tax Administrations (CIAT), and the International Monetary Fund (IMF). This document establishes a broad framework to govern the various types of activities anticipated under PFM-LAC, and is supported by a performance management plan (PMP) that provides considerable flexibility to respond to the evolving needs of the USAID LAC Bureau.

This document is divided into three sections: Section I presents the PFM-LAC technical task areas to be undertaken during the first year and is the core content for the Year One Work Plan. These tasks are presented at a high level by task area and serve as containers for more detailed sub-activities to be defined through ongoing discussions between Project leadership and USAID. Section II provides budgetary information to illustrate how the tasks and activities detailed in Section I translate into costs. Lastly, Section III provides a visual timeline and estimated monthly funding requirements that match the activities to the timing details proposed in the work plan.

I. PFM-LAC Task Areas

This section presents the PFM-LAC Work Plan for the first year of the Project. The activities that are incorporated below have been reviewed and commented on by stakeholders at USAID, including the COR and interested USAID missions. These activities have been supplemented with high-level tasks proposing a direction these activities might take after initial deliverables are completed. The Deloitte Team expects that the scope and timing of these activities will evolve with USAID priorities.

Overview of Activities

The tasks under contract are presented as high-level identifiers that serve to focus programming discussions, technical assistance, and interventions by the PFM-LAC Project. They are grouped under the following categories in accordance with Section C.2.2 of the task order:

- 1. Technical Analysis, Assessments, and Knowledge Management
- 2. Seminars, Workshops, and Trainings
- 3. Field-Based Capacity Building and Technical Assistance
- 4. Grants Under Contract

The Project will aim to address several overarching regional PFM topics in LAC. Target countries in Year One are subject to change, but are expected to include: the **Dominican Republic**, **Honduras**, **Jamaica**, **Paraguay**, and **Peru**. In accordance with the deliverable schedule and established targets in Section F.3 of the task order, the Year One Work Plan is designed to meet the required deliverable totals over the life of the task order.

A high-level snapshot of the four task areas depicts the Project working across a balanced spectrum of foundational PFM analysis building, knowledge sharing and coordination among critical stakeholders, and targeted technical assistance in the core technical areas. Topic areas in Year One cover: own source revenue and budgeting at sub-national levels, central government budgeting, national planning, and tax administration.

Below is a narrative for each of the activities which describe at a high level the goal of each activity, expected outcomes, coordination with the USAID COR, host country, or implementing partner, and an estimated timeline. A budget summary is presented in Section II and is directly tied to the proposed activities. The Deloitte Team and the COR anticipate that these activities will evolve further based on continued discussions with USAID missions and other actors prior to staffing and implementation.

Task Area #1 - Technical Analysis, Assessments, and Knowledge Management

The first task area allows for a broad range of expertise, analysis, and knowledge sharing for the Project. Through desk and field-based assessments, opportunities exist to assess and diagnose relevant issues and provide recommendations for enhancing PFM in LAC. Case studies and technical briefs will improve the ability of USAID missions to understand, implement, and evaluate PFM activities in their respective

countries. Knowledge sharing through dissemination of deliverables will encourage dialog and build momentum on PFM-related topics.

In Year One, the Project will start with a macro-fiscal approach to build understanding of the existing PFM challenges in the region for its key stakeholders. A regional meta-analysis of USAID Public Financial Management Risk Assessment Frameworks (PFMRAF) and revenue and expenditure case studies will be developed to set the stage for future programming under the task order. Knowledge sharing will also play an important role in the Year One activities under this task area. Pursuant to the release of a new book developed by the USAID/LAC Bureau under a different, recent project, the PFM-LAC Project will refine and execute a dissemination plan to build awareness on PFM.

Technical Analysis and Assessments

1.1) LAC Regional PFMRAF Meta-Analysis	Timeline
The PFM-LAC Team will develop a regional technical report that analyzes the existing Stage I and Stage II PFMRAF Assessments across the LAC region to identify common trends, recommendations, regional-specific strengths/weaknesses, and risk mitigation strategies with a focus on PFM. The analysis will highlight relevant and actionable PFM-related interventions that will serve as a foundational technical document to help drive PFM-related technical assistance across the region. The report will be shared with interested USAID Missions and may be disseminated during a knowledge sharing Webinar (or similar event).	4 months

1.2) LAC Revenue Briefs - Refresh	Timeline
Using the USAID LPFM LAC Revenue Mobilization studies as an example, the PFM-LAC Team we conduct a desk assessment refresh of revenue outcomes and recent fiscal reform across selected LAC countries as agreed upon with the COR. The studies will compare revenue developments and performance in each country with regional and income group performance. Individual country brief and a summary document will be prepared to share results with relevant missions and other actors.	

1.3) LAC Expenditure Analysis	Timeline
The PFM-LAC Team will perform a desk study analysis of expenditure-based practices in the region. Leveraging publicly available information and in-country contacts, the team will investigate and highlight current practices on expenditure management (across sectors, and other selected indicators) that can be used in a regional context for knowledge sharing and to promote leading practices. This analysis could also leverage PEFA and other studies to determine where individual LAC countries perform particularly well on different components of PFM, thus determining potential opportunities for South-South support.	3 months

1.4) USAID/Paraguay PFM Desk Assessment	Timeline
This task will undertake an in-depth desk review of PFM technical assistance and literature in Paraguay, covering both revenue and expenditure. This will include a review of background technical documents and recommendations prepared by donors in the country. The desk review will provide the mission with a comprehensive view of PFM related issues and analysis to assist with future programming. The study could be used to identify donor gaps and establish priorities on technical programming for the country.	2 months

1.5) USAID/Peru Sub-National PFM Analysis- Phase I	Timeline
The PFM-LAC Team will conduct an assessment of PFM practices at the sub-national level (e.g., targeted regional governments and/or regional sector authorities) to identify strengths/weaknesses of own source revenue generation and budgeting practices (e.g., planning, execution) in regions of the country that USAID/Peru targets with its programming. Likely focus regions for the analysis are San Martín, Ucayali, and Madre de Dios. The analysis will take into account and complement a targeted evaluation that USAID/Peru is planning related to Government-to-Government (G2G) programming with the regional government of San Martín.	3 months

1.6) USAID/Honduras Post-Election PFM Assessment	Timeline
The PFM-LAC team will assist USAID/Honduras in evaluating the post-election (November) environment in the country in terms of PFM-related topics. The team will assess the donor landscape, determine gaps and PFM weaknesses in the country and assist the Mission to develop strategic interventions linking national priorities with the new administration.	3 months

Knowledge Management

1.7) Re	gional PFM Community of Practice Feasibility Study	Timeline
viability of a assess the fea	AC Team will work with its implementing partner, The Kaizen Company, to assess the formal regional community of practice around topics in PFM. The team will work to asibility of engaging government officials, USAID staff, and PFM practitioners in the physical various communication streams.	1 month

1.8) Dissemination Plan for LAC Tax Administration Book	Timeline
Pursuant to the recent release of the book "Detailed Guidelines for Improved Tax Administration in Latin America and the Caribbean" developed under the USAID LPFM Project, the PFM-LAC Team proposes to extend and refine the book's dissemination plan to build awareness on the topics and spark interest among critical stakeholders.	2 months

1.9)	Regional PFM Newsletter	Timeline
promote stories, to the L	M-LAC Team will develop a newsletter communication to garner support, interest, and dialog on relevant PFM topics in the region. The newsletter will also be used to share success encourage participation by the donors, experts, and stakeholders, and serve as an outreach tool AC missions for potential collaboration under the contract. The PFM-LAC Team will work COR to determine a suitable frequency for the newsletter, most likely either quarterly or ually.	Ongoing

Task Area #2 - Seminars, Workshops, and Trainings

The second task area encourages targeted forums to bring together participants to discuss PFM topics that are relevant to work under the Project. Through seminars, workshops, and trainings, opportunities exist to promote dialog, knowledge sharing, and discussion around PFM issues in the region.

In Year One, the Project's main focus will be to coordinate and partner with leading donors such as the IDB, IFC, IMF, WB, and CIAT for joint planning of events to build synergies where momentum exists on PFM-related topics.

2.1) PFM Sub-Regional Workshop on Tax Administration	Timeline
Pursuant to the recent release of the book "Detailed Guidelines for Improved Tax Administration in Latin America and the Caribbean" developed under the USAID LPFM Project, the PFM-LAC Team proposes to execute sub-regional workshop(s) on specific topics covered in the book.	2 months
These topics will be matched with demonstrated interest at the sub-regional level (e.g., Central America, Caribbean) related to the book chapter topics. Event(s) will be planned jointly with other actors, such as the IFC.	

2.2) Washington D.C. Fiscal Roundtable and Dissemination Event	Timeline
Coming off the recent release of the book "Detailed Guidelines for Improved Tax Administration in Latin America and the Caribbean" developed under the USAID LPFM Project, the PFM-LAC Team proposes to conduct a Washington, D.C. based event that includes a panel of experts on fiscal affairs.	2 months
Synergies exist to bring together the IDB, IFC, IMF, and WB on recent developments and publications on tax administration and tax policy. The objectives would be to provide a forum for dissemination of the book, while promoting discussion and providing a panoramic view of fiscal affairs by multiple leading donors and experts.	

2.3) PFM-Related Co	onferences, Events, and Trainings	Timeline
trainings that tie directly to are not limited to: CIAT G and others. The purpose of	oses to partner on, present at, and attend selected conferences, events, and the core technical areas under the contract. Examples could include, but eneral Assembly and trainings, IDB regional events, WB/IFC seminars, participation by the PFM-LAC Team is to continue to build awareness, og on PFM-related issues in LAC.	Ongoing

Task Area #3 - Field-Based Capacity Building and Technical Assistance

The third task area allows for targeted interventions to missions, country governments, and/or local organizations in the core technical areas under the task order. The Year One proposed activities have been identified through meetings with respective USAID missions and discussions with the COR. All activities are subject to continued discussions with the COR, respective USAID missions, and other relevant donors to further refine the proposed interventions.

3.1) USAID/Jamaica – Central Treasury Management System Implementation	Timeline
The Government of Jamaica (GOJ) is transitioning to a Central Treasury Management System (CTMS) to capture all budgetary data from line ministries and to set budgetary allocations and policies and procedures. The PFM-LAC Team proposes field-based capacity building and technical assistance to assist the GOJ with this transition. The goal of the technical assistance will be to facilitate the integration of the CTMS with key counterparts at the Ministry of Finance and select line ministries. Interim short-term technical assistance (STTA) could also be integrated to provide checkpoints on the transition.	3 months

3.2) USAID/Dominican Republic – National Planning Linkages	Timeline
The Government of the Dominican Republic is developing its new Country Developmen	Strategy 3 months
Paper for 2014, of which many PFM components are arising. In addition, a new 10-year	
Development Strategy has been enacted. Political will is strong and an opportunity exist	· · · · · · · · · · · · · · · · · · ·
USAID/DR to create linkages in programming across national strategies. Budget strateg	
execution are key areas of potential intervention.	

3.3) USAID/Peru – Sub-National PFM Analysis – Phase II	Timeline
Based on the Phase I Peru Sub-National PFM Analysis, an opportunity for targeted technical assistance and capacity building for regional governments and/or regional sector authorities may arise. As a follow on, Phase II of this activity could include gathering the stakeholders to hold formal training on revenue generation and budgeting practices. Targeted technical assistance could also arise. Coordination with local counterparts will be necessary to build support and ensure sustainability.	2 months

3.4) USAID/Paraguay – PFM Desk Assessment – Phase II	Timeline
Based on the Phase I Paraguay PFM Desk Assessment, a potential opportunity for targeted technical assistance and capacity building might arise. As a follow on, Phase II of this activity could include gathering critical stakeholders to review the key findings of the report, or possibly performing targeted technical assistance on PFM issues revealed in the assessment, in coordination with the new USAID/Paraguay Democracy and Governance project that is under procurement.	3 months

3.5) Year One Target Country Assistance	Timeline
The PFM-LAC Team and the COR anticipate additional requests from missions and other stakeholders for field-based technical assistance during Year 1. Based on the demand-driven nature of the task order, this activity will serve as a placeholder for opportunities that may arise to deliver field-based capacity building and technical assistance in the region.	Ongoing

Task Area #4 - Grants Under Contract

The focus of the Year One activities under this task area will be to establish the grants under contract component and engage local organizations in the LAC region on PFM issues.

4.1) Grants Management Manual & Plan	Timeline
The PFM-LAC Team will develop a Grants Management Manual and Plan that will outline how the Project will design, implement, and monitor the grants under contract component of the award.	2 months

4.2)	Grants Management Program Design	Timeline
Project.	A-LAC Team will work with the COR to develop and design the grants program for the This activity will include designing the substance and topic areas for the first year, which may gender studies, study tours, conferences, competitive grants, and others.	2 months

4.3)	Grants Management Program Implementation	Timeline
impleme	e Grants Under Contract component is established and program design completed, the entation, monitoring, disbursement of funds, and execution of grants will be managed by the AC Team.	Ongoing

Core Management Functions

A separate, fifth area labeled Core Management covers the project management and administrative functions that span across all four task areas. Its purpose is to highlight contractual reporting and deliverable management under the task order.

5.1)	Develop Year One Annual Work Plan	Timeline
order. 7	M-LAC Team will outline its proposed technical activities and interventions under the task. The team will work with the COR to guide the technical direction and finalize and approve the an within the first 60 days of the task order award.	2 months

5.2)	Performance Management Plan (PMP)	Timeline
	M-LAC Team will develop a PMP that will track and document progress against task order tents. Performance indicators will be establishes and monitored according to Section C.2.3 of	2 months, ongoing
the task	order.	

5.3)	Quarterly Reporting	Timeline
end of eac	-LAC Team will develop quarterly performance reports to be submitted to the COR after the ch quarter. These reports will detail progress, accomplishments, and track the status of to the approved annual work plan.	Ongoing

5.4) Core Manage	ment Functions	Timeline
planning and task order	oposes a core management allocation to assist with the overall Project management. As the Project grows and takes shape in Year One, home office e successful and timely response to mission and Project needs.	Ongoing

5.5) Ongoing Communication with COR and USAID Field Offices	Timeline
In an effort to keep communication lines open and drive future programming under the task order, the PFM-LAC Team proposes bi-monthly targeted touch points with the COR and USAID missions to discuss potential interventions and ongoing activities in the host countries.	Ongoing

II. Budget Summary of Activities

The below table is an illustrative budget summary for the activities presented in Section I, expected to be completed in the first year of the Project. Final budget figures for each specific activity will be approved by the COR during scoping and activity approval phase for each activity.

BUDGET SUMMARY												
			Labor	LOE		xpenses		G&A		Total		
	Year One Activity Totals	\$	1,327,544	1,359	\$	290,269	\$	40,660	\$	1,773,473		
	Activit	v Sun	nmaries									
	Activit	y Ouii	Labor		E	xpenses		G&A		Total		
Activity 1.1	LAC Regional PFMRAF Meta-Analysis	\$	196,675	215	\$	3,500	\$	748	\$	200,923		
Activity 1.2	LAC Revenue Briefs Refresh	\$	44,050	50	\$	500	\$	107	\$	44,657		
Activity 1.3	LAC Expenditure Analysis	\$	44,050	50	\$	500	\$	107	\$	44,657		
Activity 1.4	Paraguay PFM Desk Assessment - Phase I	\$	36,450	40	\$	500	\$	107	\$	37,057		
Activity 1.5	Peru Sub-National PFM Analysis - Phase I	\$	100,535	95	\$	30,357	\$	6,487	\$	137,380		
Activity 1.6	Honduras Post-Election PFM Assessment	\$	77,070	80	\$	10,317	\$	2,205	\$	89,592		
Activity 1.7	Regional PFM Community of Practice Feasibility Study	\$	13,650	10	\$	-	\$	-	\$	13,650		
Activity 1.8	Dissemination Plan for LAC Tax Admin Book	\$	17,450	15	\$	-	\$	-	\$	17,450		
Activity 1.9	Regional PFM Newsletter	\$	13,060	14	\$	-	\$	-	\$	13,060		
Activity 2.1	PFM Sub Regional Workshop on Tax Admin	\$	62,820	54	\$	18,500	\$	3,953	\$	85,273		
Activity 2.2	Washington DC Fiscal Roundtable & Dissemination Event	\$	34,900	30	\$	5,282	\$	1,129	\$	41,311		
Activity 2.3	PFM - Related Conferences, Events, and Trainings	\$	31,875	30	\$	24,750	\$	5,289	\$	61,914		
Activity 3.1	Jamaica CTMS Implementation	\$	100,850	105	\$	25,943	\$	5,544	\$	132,337		
Activity 3.2	Dominican Republic National Planning Linkages	\$	100,850	105	\$	25,250	\$	5,396	\$	131,496		
Activity 3.3	Peru Sub-National PFM Analysis Phase II	\$	65,171	65	\$	22,738	\$	4,859	\$	92,768		
Activity 3.4	Paraguay PFM Desk Assessment Phase II	\$	80,042	85	\$	19,882	\$	4,249	\$	104,173		
Activity 3.5	Target Country Assistance (Plug)								\$	115,000		
Activity 4.1	Grants Management Manual and Plan	\$	3,800	5	\$	-	\$	-	\$	3,800		
Activity 4.2	Grants Management Program Design	\$	14,425	15	\$	-	\$	-	\$	14,425		
Activity 4.3	Grants Management Program Implementation	\$	29,625	35	\$	100,000	\$	-	\$	129,625		
Activity 5.1	<u>Develop Year One Annual Work Plan</u>	\$	7,600	10	\$	250	\$	53	\$	7,903		
Activity 5.2	Performance Management Plan	\$	47,775	35	\$	-	\$	-	\$	47,775		
Activity 5.3	Quarterly Reporting	\$	14,580	16	\$	-	\$	-	\$	14,580		
Activity 5.4	Core Management Functions	\$	190,240	200	\$	2,000	\$	427	\$	192,667		
Activity 5.5	Ongoing Communication with COR and USAID Field Offices								\$	-		

III. Timeline Summary of Activities

Time & Budget Schedule	Aug 2013	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	June 2014	July 2014
Task Area #1		•		•		•	•	•	•	•	•	
1.1. LAC Regional PFMRAF Meta-Analysis												
1.2. LAC Revenue Briefs - Refresh												
1.3. LAC Expenditure Analysis												
1.4. USAID/Paraguay PFM Desk Assessment – Phase I												
1.5. USAID/Peru Sub-National PFM Analysis – Phase I												
1.6. USAID/Honduras Post Election PFM Assessment												
1.7. Regional PFM Community of Practice Feasibility Study												
1.8. Dissemination Plan for LAC Tax Admin Book												
1.9. Regional PFM Newsletter												
Task Area #2												
2.1. PFM Sub-Regional Workshop on Tax Admin												
2.2. Wash DC Fiscal Roundtable & Dissemination Event												
2.3. PFM Related Conferences, Events, and Trainings												
Task Area #3												
3.1 USAID/Jamaica CTMS Implementation												
3.2. USAID/Dominican Republic National Planning Linkages												
3.3. USAID/Peru Sub-National PFM Analysis – Phase II												
3.4. USAID/Paraguay PFM Desk Assessment – Phase II												

Time & Budget Schedule	Aug 2013	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	June 2014	July 2014
3.5. Year One Target Country Assistance												
Task Area #4												
4.1 Grants Management Manual & Plan												
4.2. Grants Manual Program Design												
4.3. Grants Manual Program Implementation												
Core Management Function												
5.1. Develop Year One Annual Work Plan												
5.2. Performance Management Plan												
5.3. Quarterly Reporting												
5.4. Core Management Functions												
5.5. On-going Communication with COR and USAID Field Offices (included in 5.4 Core Management Functions)												
Estimated Monthly Funding Requirements ¹ *Budget Figures are displayed in '000's	\$31.5	\$31.5	\$110.7	\$153.6	\$170.6	\$230.0	\$151.9	\$203.2	\$158.3	\$93.4	\$127.5	\$96.1

Per Section F.2.3.1 of the Task Order, Estimated Monthly Funding Requirements are presented here. The figures are purely illustrative and calculated by evenly dividing the total activity budget figures (shown in Section II) by the estimated month-block duration (green-shaded cells) of the activity. The figures have been rounded to the '000's and slight rounding adjustments have been made. The Estimated Monthly Funding figures do not include \$115,000 Target Country Assistance Plug nor the \$100,000 Grant Plug found in Activities 3.5 and 4.3, respectively. The Deloitte Team expects that the timing and funding projections of these activities will evolve with USAID priorities and COR direction.